

## **EXHIBIT C**

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Section: A

# U.S. Officials Say Aid for Terrorists Came Through Two Persian Gulf Nations

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Clinton Administration has quietly sent senior officials to United Arab Emirates to lobby for halt to suspected financial ties between Government-controlled bank, Dubai Islamic Bank, and Osama bin Laden. embassy bombing suspect; weighs charges by some American officials that Qatar's Foreign Minister, Sheik Hamed bin Jasim al Thani, was official who warned Khaled Shaikh Mohammad in 1996 that FBI team was on way to arrest him in connection with plot by Ramzi Ahmed Yousef to blow up American airliners; both cases highlight difficulties of managing US ties with moderate Arab states where some members of elite apparently feel need to hedge bets with critics of pro-Western policies (M)

WASHINGTON, July 7

United States officials say they believe that two suspected terrorists wanted by the F.B.I. have received help through two Persian Gulf countries with close ties to Washington, complicating the Administration's counterterrorism efforts.

Although the Clinton Administration has made no public protests, it quietly sent senior officials last week to one of the countries, the United Arab Emirates, to lobby for a halt to a suspected financial relationship between a Government-controlled bank and Osama bin Laden, the Saudi exile charged in the bombings of United States embassies in Africa last year.

A Federal indictment charges that Mr. bin Laden's extensive businesses have provided him a cover to acquire explosives and weapons, and Washington has begun a worldwide effort to curb his access to international financial systems.

The Central Intelligence Agency has obtained evidence that Mr. bin Laden has been allowed to funnel money through the Dubai Islamic Bank in Dubai, which the United Arab Emirates Government effectively controls.

The Administration is also confronting allegations by some American officials that the Foreign Minister of

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Qatar told a suspected lieutenant of Ramzi Ahmed Yousef, a convicted terrorist, that an F.B.I. counterterrorism team was on its way to Qatar to arrest him.

Some Administration officials said they did not believe that the Foreign Minister was involved in the 1996 incident, but that the United States believed that at least some Qatar officials had warned the fugitive, Khaled Shaikh Mohammad. The United States wanted him in connection with a plot to blow up 12 American airliners over the Pacific.

Both cases highlight the difficulties of managing relations with moderate Arab states long courted by Washington, showered with aid and allowed to buy high-technology military weapons.

The American generosity is meant to encourage the moderate states to stand as a bulwark against radical Islam, with public policies and with quiet support for American intelligence operations.

But analysts say some members of the elite even in moderate Arab states apparently feel a need to hedge their bets against critics of their pro-Western policies and to insure against becoming targets of terrorist attacks themselves.

The allegations that the Dubai Islamic Bank is dealing with Mr. bin Laden seem to underscore that this scion of one of Saudi Arabia's wealthiest families retains some support among the elite of the Arab world.

Although Mr. bin Laden was exiled and supposedly cut off by his family, which controls construction companies in Saudi Arabia, American officials believe wealthy Sunni Arabs in the Persian Gulf quietly share his anti-Western fundamentalist beliefs, even though they run counter to other moderate Arab interests.

United States intelligence officials said they had evidence that Mr. bin Laden had a relationship with the bank, which they believed had been arranged with the approval of the officials who control the bank.

The Minister of State for Finance and Industry for the Emirates, Mohammed Khalfan bin Kharbash, was elected chairman of the bank in February, after the Government stepped in to prop it up in the wake of severe financial losses last year that followed charges of embezzlement.

A senior United States official who went to the Emirates last week said that officials were "responsive" to American concerns about the Dubai bank's involvement with Mr. bin Laden. But the official refused to provide details about the meetings, which included Treasury Department and National Security Council officials. The American officials also declined to say how much money they believed that Mr. bin Laden had funneled through the bank.

Mr. bin Laden is believed to be living in Afghanistan under the protection of the Taliban. Estimates of his wealth vary widely. Some analysts say they are convinced that he has just a few million dollars left from his vast inheritance. The Central Intelligence Agency estimates that he has up to \$250 million, including assets in legit-

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imate businesses.

A press adviser in the Emirates Embassy here, Edmund Ghareeb, said he could not comment on the suspected bank dealings. The Qatar Ambassador to the United States, Saad Mohammed al-Kobasi, declined to comment on the allegations against officials in his country.

The Clinton Administration has refrained from public comment on either case, apparently fearing damage to relations with two oil-rich Arab states that have generally supported American policies in the region and that also help American military operations in the gulf.

For years, the main port of call for United States warships in the gulf was in the Emirates. Last year, the country agreed to pay \$8 billion for F-16's fighters, a major boost for Lockheed Martin.

In Qatar, construction is under way on what United States officials say will be the Pentagon's largest prepositioning supply base outside the United States. When the \$178 million complex is completed in about a year, it will support up to 10,000 troops and 5,000 vehicles, aiding operations against Iraq.

Since the gulf war, Qatar has also deepened its economic ties, cutting deals with American oil companies like Occidental Petroleum and Mobil. Breaking with its larger neighbor, Saudi Arabia, Qatar also became the first gulf state to establish open trade relations with Israel.

Its Foreign Minister, Sheik Hamed bin Jasim al Thani, plays a significant role in the relationship with Washington. He has met Secretary of State Madeleine K. Albright two times recently, in November and February, officials said.

The Qatar case centers on efforts to arrest Mr. Mohammad in connection with Mr. Yousef's plot to destroy the airliners. Mr. Yousef was convicted in the 1993 bombing of the World Trade Center in Manhattan. In January 1996, the United States secretly indicted Mr. Mohammad as an accomplice in the airliner plot.

The indictment charged that in late 1994 and early 1995, Mr. Mohammad lived in Mr. Yousef's apartment in Manila, where they kept explosive devices and chemicals. Federal prosecutors have also said they believe Mr. Mohammad helped Mr. Yousef devise and finance the airliner plot.

In early 1996, American authorities learned that Mr. Mohammad was living in the capital of Qatar, Doha, and working at the Public Works Ministry, said one official.

The American Ambassador to Qatar, Patrick N. Theros, a former counterterrorism official in the State Department, met Qatar officials and reported that he was optimistic that Qatar would be willing to arrest Mr. Mohammad and turn him over to the United States, officials recounted.

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There was a recent precedent such an action. About a year earlier, the United States sent a plane to Pakistan after the authorities there arrested Mr. Yousef and agreed to turn him over to the F.B.I.

The F.B.I., however, found itself thwarted in its attempt to catch Mr. Mohammad. Its agents, sent to Doha in early 1996, were told that the suspect, who had been under surveillance, was now nowhere to be found. A Qatar police search of a beachfront estate where the officers had been told that Mr. Mohammad was staying, proved fruitless.

The F.B.I. spent about a week awaiting word of Mr. Mohammad's whereabouts, they returned to the United States empty-handed.

American officials now say they believe that Mr. Mohammad was warned by someone in the Qatar Government and that he was staying at the estate of Abdallah bin Khalid, a fundamentalist who has provided support for other Islamic radicals. A former American intelligence official said Mr. bin Laden also visited Mr. bin Khalid in Qatar twice in the mid-1990's.

Although American officials said they had no conclusive proof, current and former officials said they believed that the Foreign Minister was involved, directly or indirectly.

The Foreign Minister declined to comment for this article.

American officials also noted that the raid occurred at a time of confusion in Qatar, which might have contributed to its failure. In the summer of 1995, the ruler of Qatar was overthrown by his son. In early 1996, about the time of the F.B.I. action, the father was staging an unsuccessful counter coup.

Two years after the fruitless F.B.I. action, Federal prosecutors in Manhattan unsealed the indictment against Mr. Mohammad. A \$5 million reward for information leading to his arrest or conviction is being offered.

--- INDEX REFERENCES ---

COMPANY: LOCKHEED MARTIN CORP; OCCIDENTAL PETROLEUM CORP

NEWS SUBJECT: (International Terrorism (1IN37); United Nations (1UN54); Government (1GO80))

INDUSTRY: (Construction (1CO11); Public Works Construction (1PU10); Commercial Construction (1CO15); Security (1SE29); Transportation (1TR48); Air Transportation (1AI53); Civil Engineering (1CI63); Airlines (1AI34))

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OTHER INDEXING: (Risen, James; Weiser, Benjamin; Clinton, Bill (Pres); Bin Laden, Osama; Yousef, Ramzi Ahmed; mohammad, khaled shaikh; Hamed bin Jasim al Thani (Sheik) (Min)) (ARAB; CENTRAL INTELLIGENCE AGENCY; DUBAI; DUBAI ISLAMIC BANK; EMIRATES; EMIRATES EMBASSY; FBI; FINANCE; ISLAM; ISLAMIC; LOCKHEED MARTIN; MOBIL; NATIONAL SECURITY COUNCIL; OCCIDENTAL PETROLEUM; PENTAGON; PUBLIC WORKS MINISTRY; SAUDI; STATE DEPARTMENT; TREASURY DEPARTMENT) (al Thani; bin; bin Jasim; bin Khalid; bin Laden; Clinton; Edmund Ghareeb; Khaled Shaikh Mohammad; Kharbash; Laden; Madeleine K. Albright; Mohammad; Mohammed Khalfan; Mr.; Mr. bin Laden; Osama; Patrick N. Theros; Ramzi Ahmed Yousef; Saad Mohammed; Sheik Hamed; Sunni Arabs; Western; Yousef) (Terrorism; Airlines and Airplanes; Bombs and Explosives; United States International Relations; United Arab Emirates-International Relations-US; qatar-international relations-us; Terrorism; United States Foreign Service) (Qatar; United Arab Emirates)

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